

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01  
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15  
USIA-06 OMB-01 TRSE-00 DOE-15 SOE-02 NRC-05  
ACDA-12 OES-07 DLOS-09 /124 W  
-----060352 201155Z /14

R 201053Z MAR 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC 6320  
INFO AMEMBASSY MOSCOW  
AMEMBASSY SEOUL  
CINCPAC HONOLULU HI  
USLO PEKING

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CINCPAC ALSO FOR POLAD

E.O. 11652: N/A  
TAGS: PINT, JA  
SUBJECT: QUIET DIET

REF: (A) TOKYO 3755, (B) TOKYO 2575, (C) TOKYO 1038

SUMMARY: NOT SURPRISINGLY, INTERPELLATIONS IN UPPER HOUSE  
BUDGET COMMITTEE HAVE FOCUSED ON STATE OF ECONOMY, DEFENSE  
AND CHINA TREATY. WITH BUDGET ESSENTIALLY OUT OF WAY,  
ONLY SOURCE OF CONTROVERSY ON HORIZON IS JAPAN-ROK CONTI-  
NENTAL SHELF BILL, PASSAGE OF WHICH MAY BE TROUBLESOME.  
END SUMMARY.

1. AS REFTTEL A REPORTED, BUDGET BILL WAS PASSED BY LOWER  
HOUSE ON MARCH 7 WITH ONLY SLIGHT MODIFICATION AND WILL  
AUTOMATICALLY GO INTO EFFECT ON APRIL 6 IF UPPER HOUSE HAS  
NOT PASSED IT WITHIN PRESCRIBED 30-DAY PERIOD.

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UPPER HOUSE BUDGET COMMITTEE ENTERED BUDGET DELIBERA-  
TIONS ON MARCH 17 AFTER COMPLETING 8 DAYS OF GENERAL  
INTERPELLATIONS. PARTICULARS OF REST OF COMMITTEE'S  
SCHEDULE ARE STILL UNDER NEGOTIATION, BUT UPPER HOUSE  
MEMBERS HAVE COMMENTED ON DESIRE OF HOUSE TO ASSERT ITS  
INDEPENDENCE THROUGH POSITIVE VOTE RATHER THAN STAND BY  
FOR PASSIVE PASSAGE. DIET STAFFERS OF BOTH OPPOSITION

AND LDP TELL US BUDGET BILL WILL PROBABLY BE PASSED BY UPPER HOUSE ON APRIL 3 OR 4 AND THAT SLIPPAGE PAST APRIL 1, BEGINNING OF JFY, WOULD BE SO SLIGHT AS NOT TO NECESSITATE FINANCIAL CARRY-OVER MEASURE.

2. MAIN THEMES SURFACING DURING GENERAL INTERPELLATIONS IN UPPER HOUSE BUDGET COMMITTEE HAVE BEEN MUCH THE SAME AS IN LOWER HOUSE LAST MONTH: ECONOMY, DEFENSE AND CHINA TREATY. ALTHOUGH SUFFERING FROM MOUTH INFECTION, PRIME MINISTER FUKUDA HAS ACTIVELY LED GOVERNMENT SIDE DURING ENTIRE 8 DAYS OF INTERPELLATION.

3. OPPOSITION-GOJ EXCHANGES ON ECONOMY HAVE FOCUSED MORE ON DOMESTIC PROBLEMS, E.G., EFFICACY OF LOWER DISCOUNT RATE, THAN ON TRADE, THOUGH YEN'S RENEWED RISE AGAINST DOLLAR NATURALLY ATTRACTED MUCH ATTENTION. PRIME MINISTER FUKUDA SAID AT ONE POINT THAT GOJ'S SEVEN PERCENT GROWTH TARGET WAS STILL ATTAINABLE, BUT THAT IF SITUATION WORSENER HIS COUNTERMEASURES WOULD BE "APPROPRIATE, ELASTIC AND FEARLESS."

4. ON DEFENSE, OPERATION TEAM SPIRIT GAVE COMMUNISTS AND SOCIALISTS GROUNDS ON WHICH TO LEVEL THEIR USUAL ATTACKS ON ALLEGED GOJ PLANS TO BUILD UP JSDF, ON USE OF BASES, PARTICULARLY THOSE IN OKINAWA BY USFJ, AND ON US-JAPAN MST. AS NOTED PREVIOUSLY (REFTEL B), GOJ SIDE'S RESPONSES TO QUESTIONS ON DEFENSE HAVE BEEN FIRMER THAN BEFORE. LIMITED OFFICIAL USE

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FOR EXAMPLE, ON MARCH 16 FUKUDA REPLIED TO DEMAND FROM CLEAN GOVERNMENT PARTY INTERPELLATOR THAT SYSTEM OF PRIOR CONSULTATIONS BETWEEN US AND JAPAN SHOULD BE REVIEWED TO INCLUDE EXERCISES LIKE TEAM SPIRIT '78 BY SAYING THAT THERE WAS NO NEED INASMUCH AS SYSTEM WAS WORKING WELL AND ITS OPERATION ULTIMATELY DEPENDED ON MUTUAL TRUST BETWEEN TWO COUNTRIES.

5. INTERPELLATIONS ALSO SAW REAFFIRMATION OF ESSENCE OF GOJ'S POSITION ON CONSTITUTIONALITY OF NUCLEAR WEAPONS. ON MARCH 8 PRIME MINISTER TOLD CGP QUESTIONER THAT THERE WERE NO CONSTITUTIONAL BARS TO POSSESSION OF NUCLEAR WEAPONS BUT THAT JAPAN AS MATTER OF POLICY WOULD ABIDE BY ITS THREE NON-NUCLEAR PRINCIPLES. HIS STATEMENT WAS FOLLOWED BY "UNIFIED VIEW" ON MARCH 9 IN WHICH JDA DIRGEN AFFIRMED THAT POSSESSION WOULD NOT CONTRAVENE CONSTITUTION.

6. AS FORECAST REFTEL C, THERE HAS BEEN MUCH QUESTIONING ON CONCLUSION OF JAPAN-CHINA PFT, WITH OPPOSITION PARTY SPOKESMEN GENERALLY CONTINUING TO PRESSURE GOVERNMENT FOR EARLY CONCLUSION. AGAINST THIS, FUKUDA HAS STRESSED NEED FOR CAREFUL NEGOTIATIONS WHILE ATTEMPTING TO AVOID GIVING

IMPRESSION OF FOOTDRAGGING.

7. SEVERAL BILLS ARE STILL PENDING IN DIET BUT ONLY ONE PROMISES TROUBLE, BILL IMPLEMENTING JAPAN-ROK CONTINENTAL SHELF AGREEMENT (SEPTIL), WHICH IS STILL BEFORE LOWER HOUSE COMMERCE AND INDUSTRY COMMITTEE. OUR JSP CONTACTS SAY THEY ARE CONFIDENT THEY CAN SLOW PROGRESS OF BILL ENOUGH TO NECESSITATE EXTENSION OF SESSION FOR FEW DAYS BEYOND SCHEDULED MAY 17 ADJOURNMENT BUT CONCEDE IT WOULD THEN PROBABLY PASS. LDP CONTACTS TELL US THEY ARE DETERMINED TO PASS BILL EVEN IF EXTENSION BECOMES NECESSARY.

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SINCE REMAINING BILLS ARE GENERALLY PROSAIC, THEIR PROGRESS DEPENDS SIMPLY ON AVAILABLE TIME.

8. COMMENT: WITH BUDGET ESSENTIALLY OUT OF WAY AND ONLY ONE CONTROVERSIAL BILL IN SIGHT, REST OF DIET SESSION IS LIKELY TO BE FAIRLY CALM. WE CAN OF COURSE EXPECT OPPOSITION TO CONTINUE FOCUSING ON ECONOMY, DEFENSE, AND CHINA TREATY IN BUDGET AND OTHER COMMITTEES BUT, HAVING ALREADY SPENT MOST OF THEIR AMMUNITION, IMPACT WILL BE REDUCED. MANSFIELD

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